

Message Text

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16

ACTION EA-14

INFO OCT-01 IO-14 ISO-00 AID-20 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2039

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AMCONSUL MEDAN

AMCONSUL SURABAYA

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SUBJ: GOI BAN ON AUTO IMPORTS

REF: JAKARTA 5227

1. FOLLOWING IS TEXT OF LETTER WHICH I PROPOSE SENDING TO STATE MINISTER SUDHARMONO ON APRIL 30 (FOLLOWING MEETING REPORTED REFTEL). DEPARTMENT'S EARLY CONCURRENCE OR SUGGESTED REVISIONS REQUESTED IN ORDER FOLLOW UP QUICKLY ON CONVERSATION WITH SUDHARMONO.

2. QTE DEAR MR MINISTER:

I APPRECIATE THE OPPORTUNITY ON APRIL 29 FURTHER TO REVIEW THE QUESTION OF THE IMPORTATION OF AUTOMOBILES FOR THE OFFICIAL USE OF THE EMBASSY AND FOR THE PERSONAL USE OF MEMBERS OF THE EMBASSY STAFF AND OF OUR TECHNICAL, ECONOMIC AND MILITARY MISSION.

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AS I STATED AT THAT TIME, I FEAR THAT A BLANKET

DECISION ON THE PART OF THE GOVERNMENT OF INDONESIA TO REQUIRE THE PURCHASE OF VEHICLES LOCALLY ASSEMBLED FOR THE EMBASSY AND FOR PERSONNEL OF THE CATEGORIES INDICATED, WOULD CREATE PROBLEMS REQUIRING SPECIAL CONSIDERATION.

IN PURCHASING VEHICLES FOR THE OFFICIAL USE OF THE EMBASSY AND OTHER PARTS OF THE US MISSION, THE STATE DEPARTMENT AND AID ARE LIMITED TO A COST OF \$2,100 PER VEHICLE IN CASE OF SEDANS (AND \$2,450 FOR STATION WAGONS) PLUS ACCESSORIES AND SHIPPING. IT IS MY UNDERSTANDING FROM OUR CONVERSATION THAT COMPARABLE VEHICLES ASSEMBLED IN INDONESIA WOULD, ON A TAX FREE BASIS, COST APPROXIMATELY \$5,000. IT IS DIFFICULT TO SEE HOW UNDER THE REGULATIONS NOW BEING CONSIDERED BY THE GOVERNMENT OF INDONESIA, WE COULD COMPLY WITH OUR OWN PROCUREMENT LAWS.

A REGULATION WHICH WOULD REQUIRE OUR STAFF PERSONNEL, MOST OF WHOM ARE IN THE LOWER INCOME RANKS OF OUR EMPLOYEES, TO PURCHASE LOCALLY ASSEMBLED VEHICLES WOULD WORK A SEVERE HARDSHIP. SUCH PERSONNEL CAN PURCHASE VEHICLES IN THE UNITED STATES AT A DISCOUNT AND VEHICLES ARE SHIPPED TO THEM AT US GOVERNMENT EXPENSE. A LIST IS ATTACHED GIVING A REPRESENTATIVE SAMPLING OF THE DISCOUNT PRICES FOR US AUTOMOBILES PURCHASED IN THE US.

THE MOST SERIOUS PROBLEM RELATES TO THE PERSONNEL OF OUR TECHNICAL, ECONOMIC AND MILITARY MISSION. ARTICLE 4 OF OUR AGREEMENT ON ECONOMIC COOPERATION SIGNED AT JAKARTA OCTOBER 16, 1950 STATES IN PART: "THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AGREES TO RECEIVE A SPECIAL TECHNICAL AND ECONOMIC MISSION WHICH WILL DISCHARGE THE RESPONSIBILITIES OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA UNDER THIS AGREEMENT AND UPON APPROPRIATE NOTIFICATION FROM THE GOVERNMENT OF THE UNITED STATES OF AMERICA WILL CONSIDER THIS SPECIAL MISSION AND ITS PERSONNEL AS PART OF THE DIPLOMATIC MISSION OF THE UNITED STATES OF AMERICA IN INDONESIA LIMITED OFFICIAL USE

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FOR THE PURPOSE OF ENJOYING THE PRIVILEGES AND IMMUNITIES ACCORDED TO THAT MISSION AND ITS PERSONNEL OF COMPARABLE RANK." THE AGREEMENTS RELATING TO THE US DEFENSE LIAISON GROUP PROVIDE FOR THE SAME PRIVILEGES AND IMMUNITIES.

THE PRIVILEGES AND IMMUNITIES GRANTED TO OUR AID PERSONNEL ARE A VERY IMPORTANT ELEMENT OF ANY

ECONOMIC ASSISTANCE AGREEMENT SINCE THEY BEAR VERY DIRECTLY ON OUR ABILITY TO OBTAIN QUALIFIED PEOPLE FOR SERVICE ABROAD. AS I STATED TO YOU IN OUR LAST MEETING, ANY PROPOSAL TO ALTER THE LANGUAGE OF THESE AGREEMENTS WOULD COME AT A TIME WHEN THERE ARE THOSE WITHIN THE UNITED STATES GOVERNMENT WHO WISH TO REVIEW THE ENTIRE AID RELATIONSHIP. IT WOULD IN MY OPINION, NOT BE IN THE INTERESTS OF THE WIDER OBJECTIVES OF THE PROGRAM TO RAISE THIS ISSUE AT THIS TIME.

THE UNITED STATES DESIRES TO BE COOPERATIVE WITH THE GOVERNMENT OF INDONESIA IN ACCORDANCE WITH THE VERY CLOSE FRIENDSHIP WHICH EXISTS BETWEEN OUR TWO COUNTRIES. THE MATTER OF THE IMPORTATION OF AUTOMOBILES FOR OFFICIAL USES, HOWEVER, PRESENTS US WITH SOME VERY PARTICULAR PROBLEMS WHICH CAN, I HOPE, BE WORKED OUT ON THE BASIS OF CLOSE CONSULTATION AND DUE REGARD FOR THE INTEREST OF ALL PARTIES CONCERNED.

I WOULD APPRECIATE YOU PRESENTING THESE SPECIAL PROBLEMS TO PRESIDENT SUHARTO. I WOULD BE PLEASED, IF THE PRESIDENT SO WISHED, TO DISCUSS THE MATTER DIRECTLY WITH HIM.

SINCERELY. /S/ DAVID D NEWSOM, AMBASSADOR UNQTE.
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